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COMMON FUND FOR COMMODITIES
Preparatory Commission
Second session
Geneva, 9 February 1981

REPORT BY THE CHAIRMAN ON THE SECOND SESSION OF THE PREPARATORY COMMISSION HELD FROM 9 TO 13 FEBRUARY 1981

A. Opening of the session

1. The second session of the Preparatory Commission established by the United Nations Negotiating Conference on a Common Fund under the Integrated Programme for Commodities in its resolution of 27 June 1980 was opened by the Chairman, Mr. J.-V. Cheho (Ghana), on 9 February 1981. The Acting Deputy Secretary-General of UNCTAD (Mr. A. McIntyre) made an introductory statement. 1/

B. Membership of the Preparatory Commission and admission of observers

2. Since no objections to the recommendations in paragraph 1 of resolution 1 (I) of the Preparatory Commission (CF/PC/1) had been communicated to the Secretary-General of UNCTAD by 1 January 1981, the recommendations took effect on that date in accordance with paragraph 3 of that resolution. The membership of the Commission has thus been enlarged to include all States listed in the annex to Schedule D of the Agreement establishing the Common Fund for Commodities (TD/IPC/CF/CONF/24). It is also open to any intergovernmental organization referred to in article 4(b) of the Agreement.

3. The Preparatory Commission, at its 4th meeting, on 9 February 1981, admitted as observers the following United Nations bodies, specialized agencies and intergovernmental organizations:

- Food and Agriculture Organization of the United Nations
- World Bank
- International Monetary Fund
- General Agreement on Tariffs and Trade
- International Trade Centre UNCTAD/GATT

1/ Circulated, as document CF/PC/Misc.3, by decision of the Preparatory Commission at its 4th meeting, on 9 February 1981, the Commission having noted a statement of financial implications.

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- United Nations Industrial Development Organization
- United Nations Development Programme
- African, Caribbean and Pacific Group of States
- African Groundnut Council
- Association of Iron Ore Exporting Countries
- Council of Arab Economic Unity
- International Tea Promotion Association
- League of Arab States
- Organisation for Economic Co-operation and Development
- Organization of American States
- Organization of the Petroleum Exporting Countries
- OPEC Fund for International Development

4. At its 5th meeting, on 10 February 1981, the Commission also admitted as an observer the Permanent Secretariat of the General Treaty on Central American Economic Integration.

C. Election of the other members of the Bureau
(Agenda item 1)

5. In accordance with resolution 1 (I) of the Preparatory Commission, the number of Vice-Chairmen had been increased to six. At its 5th meeting, on 10 February 1981, the Commission elected the following representatives as Vice-Chairmen: Mr. H. Brillantes (Philippines); Mr. A. Martini Urdaneta (Venezuela); Mr. S. Kobayashi (Japan); Mr. T.A. Barnes (Canada); Mr. Z. Krzysztofowicz (Poland); and Mr. Li Chih-min (China).

D. Adoption of the agenda
(Agenda item 2)

6. At its 4th meeting, on 9 February 1981, the Preparatory Commission adopted the following agenda:

1. Election of the other members of the Bureau
2. Adoption of the agenda
3. Adoption of the rules of procedure
4. Work programme of the Commission

5. Structure of the Special Unit and financial arrangements

6. Other business

7. Date, place and provisional agenda of the third session of the Preparatory Commission.

E. Adoption of the rules of procedure
(Agenda item 3)

7. The provisional rules of procedure, submitted by the UNCTAD secretariat in document CF/PC/R.2, were not considered by the Preparatory Commission at its first session. A corrigendum to these rules was submitted by the secretariat in document CF/PC/R.2/Corr.1 to take account of the enlargement of the Commission's membership and of its Bureau in accordance with resolution 1 (I). In the course of the first session, amendments to the provisional rules of procedure were submitted by the delegations of Argentina and Cuba as well as by the Asian Group (CF/PC/CRP.1 and Corr.1 and CF/PC/CRP.2 respectively). At the second session of the Commission, the Latin American Group submitted amendments to the provisional rules of procedure (CF/PC/CRP.6) which superseded the proposed amendments submitted by Argentina and Cuba. The Asian Group also submitted a corrigendum (CF/PC/CRP.2/Corr.1) to the amendments it had proposed during the first session.

8. The Preparatory Commission was unable, because of time constraints, to consider the provisional rules of procedure and the various proposed amendments referred to above. This question will now be taken up at the third session of the Commission, pursuant to paragraph 2 of resolution 3 (II) adopted at the 7th (closing) meeting, on 13 February 1981 (see para. 9 below).

F. Work programme of the Commission
Structure of the Special Unit and financial arrangements
(Agenda items 4 and 5)

9. At its 7th meeting, the Preparatory Commission adopted resolution 3 (II) covering these agenda items. 2/

10. The Commission adopted the resolution after having noted the financial implications as set out in appendix II to the resolution. It also took note, in this connection, of a note by the Chairman on interim arrangements for servicing the Preparatory Commission, as well as of a note by the UNCTAD secretariat 3/ concerning United Nations procedures applicable to the recruitment of professional staff for the proposed Special Unit.

2/ For the text of the resolution, see annex I below.

3/ For the text of the note, see annex II below.

G. Other business
(Agenda item 6)

11. Under this item, the Preparatory Commission, at its 6th meeting, on 13 February 1981, heard a statement by the representative of the OPEC Fund for International Development concerning the decision of the Ministers of Finance of OPEC in relation to the co-operation of OPEC member countries with the Common Fund for Commodities. 4/

H. Date, place and provisional agenda of the third session
(Agenda item 7)

12. At its 7th meeting, the Preparatory Commission agreed that its third session should be held at Geneva from 28 September to 2 October 1981. At the same meeting, it authorized the Chairman to prepare the provisional agenda for the third session, in consultation with the other members of the Bureau, after the Commission's two Working Parties had met. 5/

I. Credentials

13. At its 7th meeting, the Commission, on the recommendation of the Bureau, approved the credentials of the representatives participating in the session, on the understanding that the States which had not yet submitted their credentials would do so within the next few days.

J. Membership and attendance 6/

14. The following States members of the Preparatory Commission were represented at the session: Algeria; Angola; Argentina; Australia; Austria; Bangladesh; Belgium; Bolivia; Brazil; Bulgaria; Burundi; Canada; Central African Republic; Chile; China; Colombia; Cuba; Czechoslovakia; Democratic Yemen; Denmark; Dominican Republic; Ecuador; Egypt; El Salvador; Ethiopia; Finland; France; Gabon; German Democratic Republic; Germany, Federal Republic of; Ghana; Greece; Guatemala; Haiti; Honduras; Hungary; India; Indonesia, Iran; Iraq; Ireland; Italy; Ivory Coast; Jamaica; Japan; Kenya; Kuwait; Liberia; Libyan Arab Jamahiriya; Madagascar; Malaysia; Malta; Mexico; Morocco; Netherlands; New Zealand; Nicaragua; Nigeria; Norway; Oman; Pakistan; Peru; Philippines; Poland; Portugal; Qatar; Republic of Korea; Romania; Saudi Arabia; Senegal; Sierra Leone; Singapore; Somalia; Spain; Sri Lanka; Sudan; Sweden; Switzerland; Syrian Arab Republic; Thailand; Trinidad and Tobago; Tunisia; Turkey; Union of Soviet Socialist Republics; United Arab Emirates; United Kingdom of Great Britain and Northern Ireland; United Republic of Cameroon; United Republic of Tanzania; United States of America; Upper Volta; Uruguay; Venezuela; Viet Nam; Yugoslavia; Zaire. The European Economic Community was also represented at the session.

4/ Circulated, as document CF/PC/Misc.4, by decision of the Preparatory Commission, at its 6th meeting, the Commission having noted a statement of financial implications.

5/ See annex I, para. 1, of the resolution.

6/ For the list of participants, see CF/PC/INF/2.

15. The United Nations Industrial Development Organization and the United Nations Development Programme were represented at the session. 1/ The International Trade Centre UNCTAD/GATT was also represented. 1/

16. The following specialized agencies were represented at the session: Food and Agriculture Organization of the United Nations; World Bank; International Monetary Fund. 1/ The General Agreement on Tariffs and Trade was also represented. 1/

17. The following intergovernmental organizations were represented at the session: African, Caribbean and Pacific Group of States; African Groundnut Council; Association of Iron Ore Exporting Countries; International Tea Promotion Association; League of Arab States; OPEC Fund for International Development; Organisation for Economic Co-operation and Development; Organization of American States; Permanent Secretariat of the General Treaty on Central American Economic Integration. 1/

1/ Participating as observers by decision of the Commission at its second session.

ANNEX I

RESOLUTION ADOPTED BY THE PREPARATORY COMMISSION AT ITS SECOND SESSION

3 (II). Work programme of the Commission a/

The Preparatory Commission,

Having considered the note by the UNCTAD secretariat entitled "Work programme of the Commission" (CF/PC/8.1),

Taking into account the note by the UNCTAD secretariat reproduced in appendix II to this resolution,

Conscious of the need to undertake without delay the tasks assigned to it in paragraph 1 (d) of resolution 2 (IV) adopted by the United Nations Negotiating Conference on a Common Fund under the Integrated Programme for Commodities on 27 June 1980, b/

Taking into account practical difficulties which have been identified for the implementation of the request to the Secretary-General of UNCTAD by the United Nations Negotiating Conference on a Common Fund under the Integrated Programme for Commodities in paragraph 2 (a) of its resolution 2 (IV) for the early establishment of a Special Unit, and the need to make interim arrangements for the servicing of the Commission,

1. Decides to establish two Working Parties, with the same Bureau as that of the Commission and open to all members of the Commission, to prepare drafts on the following subjects for the consideration of the Commission:

(a) Working Party I (Administrative, legal and procedural matters)

(i) Rules of procedure of the Governing Council and of the Executive Board;

(ii) Rules and regulations for the conduct of the business of the Fund;

(iii) Delegation of powers by the Governing Council to the Executive Board;

(iv) Rules and regulations for the Consultative Committee;

(v) Rules and regulations for adjustments in the distribution of votes;

(vi) Administrative budget;

(vii) Staff regulations;

(viii) Organizational structure;

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a/ Originally distributed as CF/PC/2.

b/ TD/IPC/CF/CONF/26, annex.

(ix) Relationship agreements with various co-operating institutions;

(x) Headquarters agreement;

(b) Working Party II (Operational and financial matters)

(i) Rules and regulations for First Account operations, including borrowing;

(ii) Rules and regulations for Second Account operations, including borrowing;

(iii) Financial regulations;

2. Decides to take up, on a priority basis, the question of the adoption of its rules of procedure at its third session;

3. Adopts, subject to review at its third session, the programme of work and schedule of meetings as set out in appendix I to this resolution;

4. Requests the Secretary-General of UNCTAD to take the necessary steps to commission the technical studies and documentation required for the carrying out of the programme of work, and authorises him to incur expenditures up to $1,251,000 out of the advance of $1,750,500 approved by the General Assembly, in accordance with the contents of appendix II to the present resolution, and to keep the States members informed through the Commission on the utilization of the resources;

5. Requests the Chairman to undertake consultations with member States through the regional co-ordinators in Geneva and with the Secretary-General of UNCTAD for the implementation of the interim arrangements.

7th meeting
13 February 1981

APPENDIX I

Programme of work and schedule of meetings

Working Party I (Administrative and legal matters): first session (4-8 May 1981)

1. Rules of procedure of the Governing Council (section A (i)) a/
2. Rules of procedure of the Executive Board (section A (i))
3. Rules and regulations for the conduct of business of the Fund (section A (ii))
4. Delegation of powers by the Governing Council to the Executive Board (section A (iv))

Distribution of documents: end of March 1981

Working Party II (Operational and financial matters): first session (27-31 July 1981)

Rules and regulations for First Account operations, including borrowing (sections B (i) and (ii))

Distribution of documents: mid-June 1981

Preparatory Commission: third session (28 September-2 October 1981)

1. Reports from the Working Parties and consideration of possible outstanding issues
2. Progress on signature and ratification of the Agreement and pledges of voluntary contributions to the Second Account

Distribution of documents: early September 1981

Working Party II: second session (30 November-4 December 1981)

1. Matters referred from previous meetings
2. Rules and regulations for Second Account operations, including borrowing (section B (iii))
3. Financial regulations (section C (ii))

Distribution of documents: mid-October 1981

Working Party I: second session (25-29 January 1982)

1. Matters referred from previous meetings
2. Rules and regulations for the Consultative Committee (section A (iii))

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a/ The references throughout this appendix relate to document CF/PC/R.1.

3. Rules and regulations for adjustments in the distribution of votes (section A (v))

4. Other matters (sections C (i), C (ii), D (ii), E (ii) and E (iii))

Distribution of documents: mid-December 1981

Preparatory Commission: fourth session (23-27 March 1982)

1. Reports from the Working Parties and consideration of possible outstanding issues

2. Progress on signature and ratification of the Agreement and pledges of voluntary contributions to the Second Account

3. Report of the Preparatory Commission to the Governing Council

Distribution of documents: early March 1982

APPENDIX II

WORK PROGRAMME OF THE COMMISSION

Financial requirements

Note by the UNCTAD secretariat

The financial requirements to carry out the work programme outlined in appendix I to the resolution are estimated to be as follows:

(i)	30 work months of professional staff a/	$525,000
(ii)	15-20 work months of consultant services	$100,000
(iii)	22 months of secretarial services	$ 56,000
(iv)	Travel of staff	$ 30,000
(v)	General operating expenses	$ [illegible]
		$611,000
(vi)	8 weeks of meetings b/	$640,000
		$1,251,000

It is understood that, while the secretariat will try to keep expenditure as low as possible by making available, inter alia, from the Commodities Division some support free of charge, it might be necessary, if required in the interest of completing the work in time, to incur expenditures on a somewhat different pattern from the one indicated above. Additional expenditures may have to be incurred depending on any decision that the Preparatory Commission may take at its next session, especially in regard to the matters to be included under item 4 of the proposed schedule of work for the second session of Working Party 1 scheduled for January 1982.

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a/ Assuming that about 30 work months would be made available by the UNCTAD secretariat to the Common Fund free of charge.

b/ Including the cost of the first and second sessions of the Preparatory Commission held in October 1980 and February 1981 respectively.

ANNEX II

United Nations procedures applicable to the recruitment of professional staff for the proposed Special Unit a/

Note by the UNCTAD secretariat

1. The recruitment of staff for the Special Unit in accordance with the existing United Nations procedures would involve the following steps:

(a) Job descriptions to be prepared for each post;

(b) Posts to be classified by the United Nations classification section in New York;

(c) Vacancy announcements to be circulated;

(d) Candidates to be evaluated and interviewed; in this connection and pursuant to General Assembly resolution 55/210, the United Nations principle of geographical distribution must be observed, giving priority to candidates from countries that are not well represented in the United Nations, and to women;

(e) Selected candidatures to be submitted to the Appointments and Promotion Committee (APC), Geneva, and/or the Appointment and Promotion Board (APB) in New York;

(f) Recommendations of the APC and APB to be approved by the Secretary-General of the United Nations;

(g) Offer of appointment to be made by UNCTAD, subject to medical clearance.

2. It is UNCTAD's experience that the period required for the completion of these procedures is about eight to twelve months.

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a/ Originally distributed as document CF/PC/CRP.2.